



ANNUAL REPORT

to the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

For the Fiscal Year ended December 31st, 1940

NEW TORONTO, ONTARIO



BOARD OF DIRECTORS

P. W. LITCHFIELD

Chairman
AKRON

A. G. PARTRIDGE
TORONTO

P. A. THOMSON
MONTREAL

C. H. CARLISLE
TORONTO

C. A. STILLMAN
AKRON

J. E. McALLISTER
TORONTO

E. J. THOMAS
AKRON

EXECUTIVE OFFICERS

A. G. PARTRIDGE

President

P. A. THOMSON
Vice-President

R. C. BERKINSHAW
General Manager
and Treasurer

E. H. KOKEN

Vice-President in Charge of
Production

O. H. BARRETT
Secretary
and General Counsel

D. C. CARLISLE
Comptroller

J. W. PHILP
Assistant Treasurer

H. A. TIPPLE
Assistant Secretary and
Assistant Comptroller

K. E. KENNEDY

Assistant Secretary



ANNUAL REPORT OF THE DIRECTORS
OF
THE GOODYEAR TIRE & RUBBER
COMPANY OF CANADA, LIMITED

February 22, 1941.

TO THE SHAREHOLDERS:—

Your Directors submit a Consolidated Balance Sheet of THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED, and its subsidiary companies, with your auditors' report thereon, which sets forth the result of the operations for the year ended December 31, 1940 and the present financial position of the combined companies.

The operations of the combined companies for the year have resulted in a profit of \$1,960,038.49 after charging all manufacturing, selling and administrative expenses, income and other taxes, but before providing for depreciation; from this amount there has been set aside a reserve of \$568,524.72 for depreciation of buildings and equipment, leaving a net profit of \$1,391,513.77.

A comparison of the operations for 1940 with those of 1939 shows that although there was a substantial increase in sales for the year just ended, there was a reduction on the average in the margin of profit, with the result that after making provision for increased income taxes and for the excess profits tax, the net profits as reflected in the Consolidated Balance Sheet were less than in 1939 by \$260,988.36.

The net earnings for the year were equivalent to \$4.25 per share on the 257,260 shares of common stock outstanding, as compared with \$5.25 a share in 1939; \$7.49 a share in 1938, \$4.14 per share in 1937 and \$4.73 per share in 1936.

The spot market price of No. 1 ribbed smoked sheets in New York fluctuated during the year 1940 between a low of $18\frac{1}{4}$ ¢ per pound on February 27 and a high of $24\frac{1}{2}$ ¢ per pound on May 10. The closing spot price on December 31, 1940 was $20\frac{3}{4}$ ¢ per pound. The market price of $\frac{7}{8}$ middling uplands on the New York Cotton Exchange, reached a high on January 2, 1940 of 11.54¢ per pound, while the low price for the year was 9.48¢ on October 14. The closing market price on December 31, 1940 was 10.43¢.

The customary annual review was made of the stocks of raw materials, work in process and finished goods on hand which are stated in the Balance Sheet on the usual basis of cost or market, whichever was lower.



As in former years, the profits as shown by this Annual Report, include the profits on the export business for the previous fiscal year of 1939, but on the other hand, they do not include the accrued profits on export business for 1940, which have not yet been determined.

The following summary sets out the manner in which the profits for the year have been applied—

FUNDS PROVIDED FROM PROFITS

Consolidated net profits for the year.....	\$1,391,513.77
Add—Provision for depreciation.....	568,524.72
	<u>1,960,038.49</u>
Profits before providing for depreciation.....	<u>\$1,960,038.49</u>

DISPOSITION OF FUNDS

Dividends on 5% Preferred stock.....	\$298,511.25	
Dividends on Common stock.....	643,150.00	
	<u>941,661.25</u>	
Redemption of 649 shares Preferred stock at \$50.00 each...	32,450.00	
Increase in Preferred stock redemption fund.....	25,981.43	
Expended for additions to plant and equipment (net).....	661,180.04	
Increase in miscellaneous investments.....	4,184.90	
Increase in net current assets or working capital.....	306,330.41	
	<u>\$1,971,788.03</u>	
Less—Decrease in deferred charges.....	11,749.54	
	<u>\$1,960,038.49</u>	
Total as above.....	<u>\$1,960,038.49</u>	

Adequate reserves have been established to provide for accruing depreciation of buildings and equipment and to meet all probable losses in the realization of accounts receivable. Provision has also been made for all ascertained liabilities.

A review of the consolidated Balance Sheet will disclose the strong financial position of the Company, particularly from the standpoint of working capital, which amounted to \$9,247,127.13 at December 31, 1940 as compared with \$8,940,796.72 at the end of the previous year.

The most important change in the Balance Sheet presented herewith in comparison with that of one year ago, is a reduction of approximately \$2,300,000.00 in the total amount of the cash and government bonds and the investment of this money in inventories of raw materials, goods in process and finished goods, which show an increase of \$2,401,214.25 in comparison with the inventories at December 31, 1939.

A substantial proportion of this increase in inventories is represented by an increase in the stock of raw rubber on hand. Inasmuch as all of your company's supply of this



raw material has to be imported from the Far East, it was considered a wise policy to build up our stocks.

In addition to building up its own inventory, your company has cooperated with the Canadian government and the rubber industry in securing and storing a substantial quantity of raw rubber, so as to ensure a continuity in the production of rubber articles for war requirements.

The companies have no bank indebtedness. The financial position as referred to herein, is after paying dividends aggregating \$941,661.25 represented by 5% or \$298,511.25 on the Preferred stock and the usual dividends aggregating \$2.50 per share on 257,260 shares of Common stock, amounting to \$643,150.00.

The total current assets amount to \$10,385,347.42 compared with the current liabilities of \$1,138,220.29.

The total amount of all taxes paid or to be paid by or through your companies and applicable to the year 1940, amounted to \$2,503,188.74 in comparison with \$1,291,563.80 in 1939.

During the past year your companies have continued their policy of making improvements in their plants and equipment at New Toronto, Bowmanville and St. Hyacinthe, with a view to extending the companies' productive facilities and effecting economies in their operations. During 1940 these expenditures were made chiefly in connection with the new power plant at New Toronto and for additional equipment at New Toronto, Bowmanville and St. Hyacinthe.

At the outbreak of war, your company advised the federal government that it was prepared to assist in the production of war requirements to the fullest possible extent and, during the past year, a large portion of your company's production facilities has been devoted to the manufacture of rubber products, chiefly tires, for both the Canadian and British governments, on a basis only slightly in excess of the cost of production. The problems attending the necessary tooling up and changes in equipment involved in the supply of these materials, have been many and varied, but your company has at all times been well ahead of the required schedules and has endeavored in this way to make its contributions to Canada's war effort.

Your Board wishes to record its appreciation of the loyalty, cooperation and effort of the personnel of the organization which has made possible the satisfactory results of the year's operations.

The cooperation of our shareholders has been continued and is much appreciated.

A. G. PARTRIDGE,
President.

On behalf of the Board.





THE GOODYEAR TIRE & RUBBER and SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS

CURRENT AND WORKING ASSETS:

Cash	\$809,853.86	
Government bonds at cost or market whichever is lower	196,012.50	\$1,005,866.36
Accounts receivable	\$2,429,888.74	
Less—Reserve for bad and doubtful accounts	267,828.66	2,162,060.08
Inventories at cost or market, whichever is lower:		
Finished goods	\$2,715,251.19	
Goods in process	531,282.00	
Raw materials and supplies	3,970,887.79	7,217,420.98
		\$10,385,347.42

INVESTMENTS:

Stocks, bonds and mortgages	\$ 244,498.20	
Preferred stock redemption fund	219,588.51	464,086.71

LAND, BUILDINGS, MACHINERY AND EQUIPMENT:

13,691,508.92

DEFERRED CHARGES TO OPERATIONS:

Prepaid insurance and other expenses	66,412.14
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\$24,607,355.19





COMPANY OF CANADA, LIMITED

COMPANIES

DECEMBER 31, 1940

LIABILITIES

CURRENT LIABILITIES:

Current accounts payable	\$ 364,535.30	
Reserve for income and other taxes	773,684.99	
		\$ 1,138,220.29

RESERVE FOR DEPRECIATION OF BUILDINGS, MACHINERY AND EQUIPMENT:

8,598,943.52

CAPITAL STOCK:

Five percent Cumulative Redeemable Preferred Stock:

Authorized—

160,000 shares of \$50.00 each \$ 8,000,000.00

Issued and fully paid—

120,000 shares of \$50.00 each \$ 6,000,000.00

Less—Redeemed 920 shares of \$50.00 each 46,000.00

5,954,000.00

Common Stock:

Authorized—

290,660 shares of no par value of which 257,260
shares have been issued

\$ 128,630.00

Capital surplus 463,068.00

591,698.00

SURPLUS:

Balance as at January 1, 1940 \$ 7,874,640.86

Profit for the year ending December
31, 1940 before providing for
depreciation, but after deducting
income tax

\$1,960,038.49

Less—Reserve for depreciation 568,524.72 1,391,513.77

\$9,266,154.63

Deduct—Dividends:

On five percent Preferred Stock \$ 298,511.25

On no par value Common Stock 643,150.00 941,661.25

8,324,493.38

\$24,607,355.19





PRICE, WATERHOUSE & CO.

Chartered Accountants

ROYAL BANK BUILDING

TORONTO, CANADA

February 6, 1941.

To the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY
OF CANADA, LIMITED:

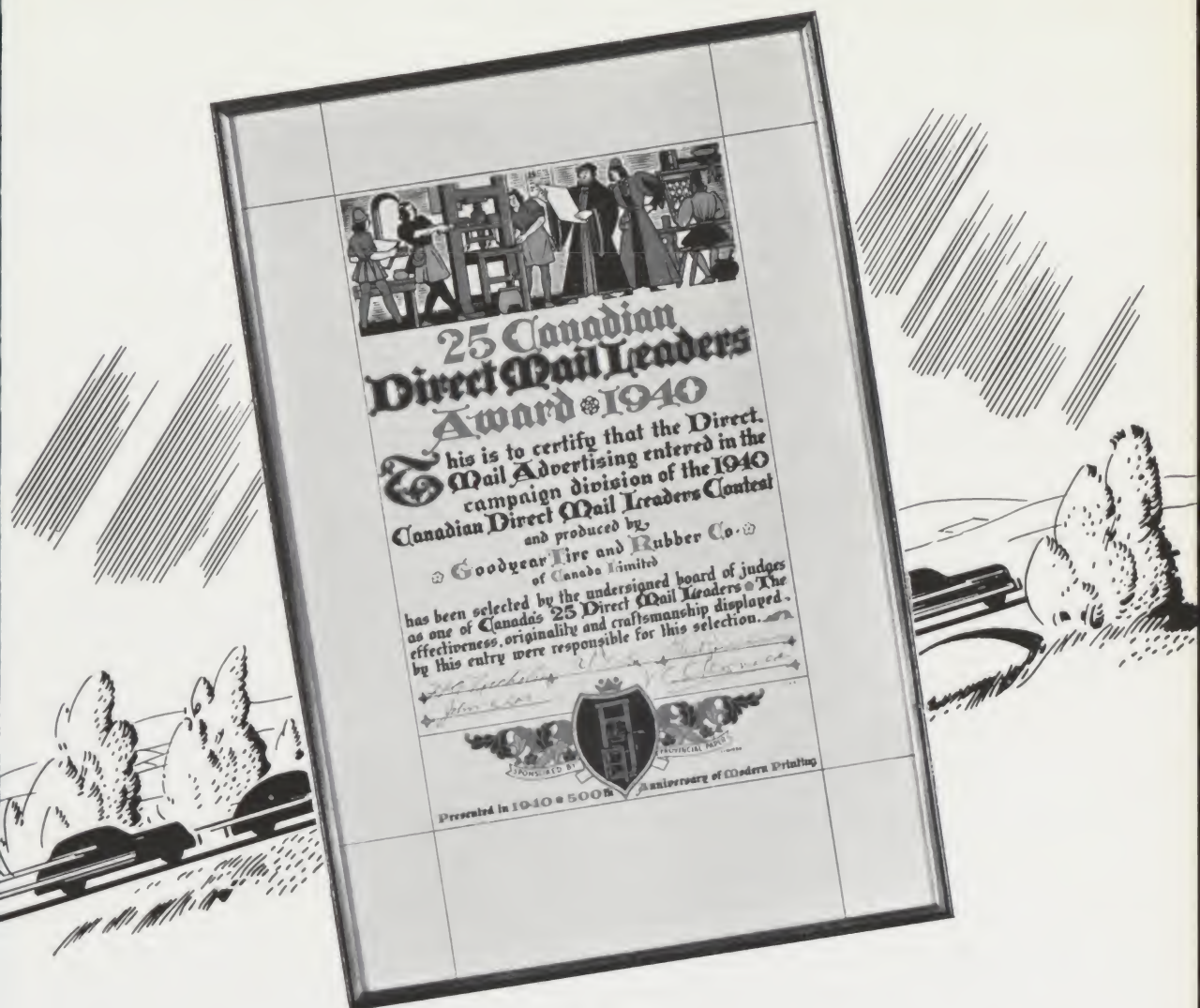
We have made an examination of the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31, 1940. In connection therewith, we examined or tested accounting records and other supporting evidence, and obtained all the information and explanations which we required; we also made a general review of the accounting methods and of the operating and income accounts for the year, but our audit of the detailed transactions was confined to limited tests thereof.

We satisfied ourselves that all charges to property accounts are in respect of actual additions, and sufficient provision has been made for accruing depreciation. The stocks on hand or contracted for have been taken and valued by the companies at cost or market prices, whichever were lower; the bad debt reserve is considered sufficient to provide for all doubtful accounts; the bank balances and government bonds were confirmed by certificates and we have taken all reasonable precautions to satisfy ourselves that all liabilities as at December 31, 1940 are included in the balance sheet.

In our opinion, based upon such examination, the annexed consolidated balance sheet is drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as at December 31, 1940, and the results from the operations for the year ending on that date, according to the best of our information and the explanations given to us, and as shown by the books of the companies.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.





GOODYEAR *Leads* IN ADVERTISING

A potent force in moving goods, Goodyear advertising has long played a major roll in maintaining Goodyear leadership.

Much of its success can be traced to the sense of partnership that exists between the organization and its dealers. Following the Company example, retailers handling our products make sure that they, too, lead in this important field—and subscribe to a wide variety of campaigns that are available on a co-operative basis.

Net result is a complete coverage of the market that fully lives up to Goodyear's principle of leadership—in all fields.

GOODYEAR *Leads*



The umbrella is made from Goodyear Pliofilm, from which is fabricated a variety of products such as packaging material, shower curtains, bridge table covers, garment bags, rain capes, etc. Many new applications of Pliofilm were developed in 1940.

On these pages are random views of Goodyear men and Goodyear products caught in the spotlight during the past year. Each one



As fast as is humanly and mechanically possible, Goodyear army tires are streaming into service. Those above will cushion the bumps, give grip to the wheels of a military vehicle nearing the end of a Canadian plant's production line.



Goodyear aeroplane tires—being manufactured in ever increasing numbers at New Toronto—catch a prominent spot—along with the crew of this bomber in that most indefinite of places "somewhere in England." Long a pioneer in the manufacture of aeroplane tires, Goodyear's experience and production facilities have been decided boons to the government.

IN MANY FIELDS

adds its weight to the fact that no matter where you go—or how far—you'll find staunch evidence of . . . Goodyear leadership.

Another concrete example of Goodyear's resolve to "do her bit" was the Company's \$1500.00 donation to the Toronto Telegram British War Victims' Fund. To make this gift possible, employees gave up their Annual Service Pin Dinner in honour of those completing 25 years' service with the company. The Telegram's news commentator, Jim Hunter, is shown here receiving the check from Goodyear's General Manager and Treasurer, Mr. R. C. Berkinshaw.



Goodyear veterans of the last war distinguished themselves in fine fashion in the Warrior's Day Parade at the Canadian National Exhibition, by carrying off the Canon Scott trophy (shown above). It was awarded for first prize in dress, smartness and drill.

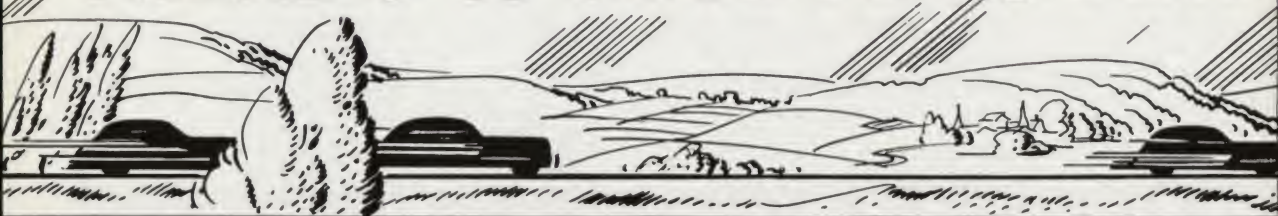


A definite achievement in rubber manufacture was accomplished by Goodyear with the building of this huge conveyor belt. Weighing 28,000 pounds, it is the heaviest belt ever built in Canada. It will see service in a large Ontario mine.



When news flashed from Davenport, Iowa, that a Canadian entrant, Fred Timbers of Stouffville, had won the world's championship plowing contest, there was much elation in the Goodyear organization. Farm-tire-minded Goodyear representatives had persuaded Fred to try for the title, and needless to say, he plowed to glory on Goodyear Sure-Grip Farm Tractor Tires.

THERE'S A GOODYEAR FOR



Double Eagle
Automobile



DeLuxe
All-Weather
4-ply



DeLuxe
All-Weather
6-ply



G-3 All-Weather
4-ply



G-3 All-Weather
6-ply



Marathon
Automobile
4-ply



Hi-Miler Rib
Truck



Full All-Weather
Truck



YKL
Truck Bus



R-1 Balloon
Truck



R-1 High Pressure
Truck



Marathon
Truck



Low Platform
Rib Trailer



A.D.V.
Tire



Tail Wheel
Airplane



Streamlined Type
Airplane



Smooth Contour
Type Airplane



Medium Pressure
Airplane



All-Weather
Earth Mover



Sure-Grip
Farm Tractor



Sure-Grip Type X
Farm Tractor



All Traction
Farm Tractor



Triple Rib
Tractor



Rib
Implement

EVERY PURSE *and* PURPOSE!



Marathon
Automobile
6-ply



Pathfinder
Automobile
4-ply



Pathfinder
Automobile
6-ply



Studded
Automobile
4-ply



Studded
Automobile
6-ply



Hi-Miller
All-Weather Truck



Truck
Airwheel



Studded Sure-Grip
Truck-Bus



Lug
Truck



Sure-Grip Balloon
Truck Bus



Dump Truck
All-Weather



Stop-Start
Truck-Bus



Airplane
Airwheel



High-Pressure
Airplane



All-Service
Motorcycle



All-Weather
Tread Motorcycle



Sure-Grip Tractor
Grader Low Pressure



Rib
Grader



Traction
Implement



Plow
Tailwheel



Smooth Tread
Industrial Solid



All-Weather Tread
Industrial Solid



Molded On
Industrial Solid



All-Weather Tread
Industrial Pneumatic



Rib
Wheelbarrow

The Goodyear Tire & Rubber Company of Canada, Limited

General Offices: NEW TORONTO, ONT.

Factories: { NEW TORONTO, ONT.
 { BOWMANVILLE, ONT.

Cotton Plant: ST. HYACINTHE, QUE.

BRANCHES

ST. JOHN, N.B.	83 Prince William St.
QUEBEC, QUE.	Cor. Crown and Fleury Sts.
MONTREAL, QUE.	679 St. James St. W.
TORONTO, ONT.	204 Richmond St. W.
LONDON, ONT.	539 Richmond St.
WINDSOR, ONT.	444 Hanna St. E.
WINNIPEG, MAN.	97 Higgins Ave.
REGINA, SASK.	Cor. Broad St. and 6th Ave.
SASKATOON, SASK.	Cor. 24th St. and Pacific Ave.
CALGARY, ALTA.	537—8th Ave. West
VANCOUVER, B.C.	Cor. Nelson and Hamilton Sts.

WHOLESALE DISTRIBUTORS

Sydney, N. S.	Cape Breton Battery & Vulcanizing Co. Ltd.	416 George St.
Halifax, N. S.	Maritime Accessories Limited	Sackville and South Park Sts.
Victoria, B. C.	B. R. Ciceri & Co.	847 Yates St.

WHOLESALE WAREHOUSES

Truro, N. S.	Colchester Motor Sales	Willow Street
Yarmouth, N. S.	Motor Mart Ltd.	Main Street
Charlottetown, P. E. I.	A. Horne & Co. (Central Garage)	Kent Street
Moncton, N. B.	Summer Tire Service	635 Main Street
Ottawa, Ont.	Frisby The Vulcanizer	86 Lyon Street
Kingston, Ont.	Van Luven Bros. Ltd.	34-38 Princess Street
Owen Sound, Ont.	Albert Jackman	179—2nd Avenue E.
North Bay, Ont.	White's Tire Shop, Limited	Cor. Wylde & McIntyre Sts.
Noranda, Que.	Taylor Hardware (Quebec) Ltd.	D—Avenue
Timmins, Ont.	Marshall-Ecclestone Ltd.	16 Pine Street S.
Hamilton, Ont.	A. F. Dell	43 Main Street E.
Kitchener, Ont.	Mel. Berg	324 King Street E.
Chatham, Ont.	Chatham Tire & Electric Limited	42—Fourth Street
Port Arthur, Ont.	John A. Nicholson	271 Bay Street
Brandon, Man.	Kerr's	Cor. 12th & Princess Sts.
Yorkton, Sask.	Ted's Tire Shop	44 Broadway E.
North Battleford, Sask.	Northern Auto Parts	1202 Edward Street
Prince Albert, Sask.	Grosser & Glass Ltd.	29-31 Twelfth St. W.
Swift Current, Sask.	Thompson Auto Supplies	Cheadle and 1st Street, W.
Edmonton, Alta.	Taylor & Pearson Ltd.	10215—103rd Street
Grand Prairie, Alta.	Grande Prairie Garage Co. Ltd.	Second Street
Lethbridge, Alta.	H. R. Carson Co. Ltd.	316—7th Street S.
Nelson, B. C.	Nelson Transfer Co. Ltd.	323 Vernon Street
Vernon, B. C.	Interior Motors Ltd.	Cor. Wetham & Transon Sts.







